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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/756,090	01/13/2004	Derek M. Gledhill	37355-180	3084

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EXAMINER
ALI, HATEM M

ART UNIT	PAPER NUMBER
3692	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
	10/756,090	GLEDHILL ET AL.
Office Action Summary	Examiner	Art Unit	
	HATEM ALI	3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) OR THIRTY (30) DAYS,
WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _13 June 2008_.
2a)☐ This action is **FINAL.**   2b)☒ This action is non-final.
3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☐ Claim(s) _____ is/are pending in the application.
    4a) Of the above claim(s) _____ is/are withdrawn from consideration.
5)☐ Claim(s) _____ is/are allowed.
6)☒ Claim(s) _1-3, 6-7, 10-11, 13-14, 17-18 and 21_ is/are rejected.
7)☐ Claim(s) _____ is/are objected to.
8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.
10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.
    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
    a)☐ All b)☐ Some * c)☐ None of:
      1.☐ Certified copies of the priority documents have been received.
      2.☐ Certified copies of the priority documents have been received in Application No. _____.
      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage
        application from the International Bureau (PCT Rule 17.2(a)).
    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)
1)☒ Notice of References Cited (PTO-892)
2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3)☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____.
4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.
5)☐ Notice of Informal Patent Application
6)☐ Other: _____.

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1.   A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on **6/13/08** has been entered.

2.   The following is an office Action in response to the communication received on **6/13/2008**.

Acknowledgement

3.   The cancellation of **claims 8-9,12, 15-16, 19-20**, amendments to the **claims 1, 3, 6-7, 10-11 and 17-18**, and newly added **claim 21**, received on **5/15/08** have been entered. As such **claims 1-3, 6-7, 10-11, 13-14, 17-18** and **21** are pending.

Claim Rejections - 35 USC § 101

4.   35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

   Claim 1 is rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Patent statute does not allow patents to be issued on particular business systems and method that depend for their operation on human intelligence alone. In case of **claim 1,** a method of calculating cost basis of an asset and automated calculation of cost basis changes for capital gain tax purposes is unpatentable as directed to nonstatutory subject matter under 35 U.S.C. §101, since mental processes standing alone are not patentable, even if they have practical applications. **Claims 1-3, 6-7 and 10** can be carried out by mental steps and do not link to any of patentable statutory class. The **claims 1-3, 6-7 and 10**, at issue do not use of machine and does not describe process of manufacture or process for alteration of composition of matter, and since claim instead cover use of mental processes to solve the step of calculating cost basis changes of an asset ownership for maximizing objective function on the basis of input data, and thus seek to patent use of human intelligence in and of itself. As the PTO notes, "[t]he Supreme Court has recognized only two instances in which such a method may qualify as a section 101 process: when the process 'either [1] was tied to a particular apparatus or [2] operated to change materials to a 'different state or thing. Ref: In re Comiskey, 84 USPQ2d 1670(Fed. Cir.2007).

As per **Claims 1-3, 5-6** and **10,** Applicant's specification indicates "It is therefore an object of the present invention to provide an improved method for enabling automated calculation of cost basis changes for example, capital gains tax purposes and use for their future financial gain." and the specification failed to discloses any connection of these mental steps to technology for performing alternative financial improvement and personal investment strategies. Since Applicant's specification reads

on non-statutory subject matter such a rejection is proper.

2.   **Claim 11** is rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim 11 recites in the preamble "a portfolio management system configured to." The body of **claim 11** recites "acquire a reallocation of an ownership of the asset, automatically calculate, store, reconcile and prepare a report" for each limitation.

Therefore, **claim 11** is non-statutory because it is directed towards software, per se, lacking storage on a medium, which enables any underlying functionality to occur. It is not clear whether instructions are in executable form and therefore there is no practical application.

Claim Rejections - 35 USC § 112

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 11, 13-14 and **17-18** are rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In particular, **claim 11** recites in the preamble "a portfolio management system configured to", the body of the claim does not contain any limitations indicating the structure of the device. A system or an apparatus claim should always claim the

structure or the hardware that performs the function. Applicant's claimed limitations consist of tools (PMT-software according to the specification) that do not describe the structure of the device. Appropriate correction is required.

Claim Rejections - 35 USC § 103

5.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

6.   **Claims 1-3, 6-7, 10-11, 13-14, 17-18** and **21** are rejected under 35 U.S.C. 103 (a) as being unpatentable over *Horan* et al (2003/0225663) in view of *DeWolf* et al (2002/0032626) and *Bergmann* et al (2002/0143682).

        As per claim 1, *Horan* discloses a method of calculating cost basis <u>of an asset</u> (see **para 0100**, lines 11-13)comprising:

        <u>automatically</u> (**para 0101-0102**) <u>calculating an adjusted cost basis of the asset based upon at least one of: the asset, the reallocation at least one of: the asset, the reallocation of the ownership of the asset and the enhanced categorization</u>(**para 0077** and **0099-0100**; via workflow system **208** and accounting and management system **806** respectively);

        <u>storing the adjusted cost basis in a management system </u>(**Fig. 7**, Data warehouse **312**).

acquiring cost basis data and tax lot data from the plurality of product systems to enable automated reconciliation of cost basis changes; identifying at least a portion of the tax lot data that was affected by the reallocation (**para 0099**, lines 1-3; via record system **806** .. tax-lot accounting …tax withholding and reclaim processing);

reconciling the cost basis changes of the asset to the plurality of product systems (**para 010**, lines 1-12; via open reconciliation system **828** …　the workflow system **810** to resolve the variance); and

preparing a report relating to the cost basis change of the asset based on at least one of: the categorization of the change in the ownership of the asset, the enhanced categorization and the adjusted cost basis of the asset (**para 0102**, lines 1-12; via an automated workflow system **810** … a management reporting system **838**)

Horan fails to explicitly disclose that acquiring a reallocation of an ownership of the asset from a product system, wherein the product system is one of a plurality of product systems from which reallocation data is acquired, wherein the reallocation is triggered by at least one of: **a marriage**, an inheritance, a gift, a partial spin-off, a stock split with owner option, a partial sale of the asset, and a change to an accounting method for the sale of the asset, and wherein the reallocation of the asset is accomplished by the product system.

However, *DeWolf* discloses that acquiring a reallocation of an ownership of the asset from a product system, wherein the product system is one of a plurality of product systems from which reallocation data is acquired, wherein the reallocation is triggered by at least one of: a marriage, an inheritance, a gift, a partial spin-off, a stock split with

owner option, a partial sale of the asset, and a change to an accounting method for the sale of the asset, and wherein the reallocation of the asset is accomplished by the product system (**Abstract** - life cycle of the asset and categorizing the information into multiple attribute and **para 0090**, line 5; via ownership disputed as **in divorce**[implied marriage]).

Therefore, it would have been obvious to an ordinary skill in the art at the time of invention was made to modify the disclosure and features mentioned by *Horan* and to include the disclosure of *DeWolf* to facilitate the legal system to adjust and reallocate the ownership of an asset disputed by divorce implied marriage.

Horan fails explicitly to disclose further categorizing the reallocation into one of a plurality of at least one of; additional categories and sub-categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized by the product system into one of a plurality of categories.

However, *Bergmann* being in the same field of invention discloses that categorizing the reallocation into one of a plurality of at least one of; additional categories and sub-categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized by the product system into one of a plurality of categories (**para 0045**, line 27; via asset classes, creating accounts and Boxes **8A, 8B, 8C** and **9** categorize assets and calculate after-tax returns)

Therefore, it was obvious to an ordinary skill in the art at the time of invention was made to modify the disclosure of *Horan* and to include the feature of *Bergman* to facilitate adjusting the constraint limits on asset classes.

As per claim 2, Horan discloses the step of codifying the enhanced categorization of the. Reallocation of the ownership of the asset prior to automatically calculating the cost basis change of the asset (**para 009-100;** via the accounting and record system **806** through a multi-tier client/server technology inherently codifies the system).

As per claim 3, *Horan* discloses the method, wherein the product system is an account (**Fig.9**; via Open Platform-Products and account system).

As per claim 6, *Horan* discloses the method further comprising:

providing a portfolio having a plurality of assets distributed in one or a plurality of product systems (**para 0050** and **0052**; via reallocate a portfolio).

As per claim 7, *Horan* discloses the method, wherein the reallocation of the asset is categorized by the reason for the reallocation (**para 0042**).

As per claim 10, *Horan* discloses the method further comprising utilizing the tax lot data to more accurately determines cost basis change relating to the reallocation of the asset (**para 0100**; via tax lot basis).

As per claim 11, *Horan* discloses a <u>portfolio management</u> system (see **Abstract**) <u>configured to</u>:

<u>automatically</u> (see **para 0101-0102**) <u>calculating an adjusted cost basis of the asset based upon at least one of: the asset, the reallocation at least one of: the asset, the reallocation of the ownership of the asset and the enhanced categorization</u>(**para 0077** and **0099-0100**; via workflow system **208** and accounting and management system **806** respectively);

<u>storing the adjusted cost basis in a management system</u> (**Fig. 7**, Data warehouse **312**).

<u>acquiring cost basis data and tax lot data from the plurality of product systems to enable automated reconciliation of cost basis changes; identifying at least a portion of the tax lot data that was affected by the reallocation</u> (**para 0099**, lines 1-3; via record system **806** .. tax-lot accounting …tax withholding and reclaim processing)<u>;</u>

<u>reconciling the cost basis changes of the asset to the plurality of product systems</u> (**para 010**, lines 1-12; via open reconciliation system **828** …   the workflow system **810** to resolve the variance)<u>; and</u>

<u>preparing a report relating to the cost basis change of the asset based on at least one of: the categorization of the change in the ownership of the asset, the enhanced categorization and the adjusted cost basis of the asset</u> (**para 0102**, lines 1-12; via an automated workflow system **810** … a management reporting system **838**)

Horan fails to explicitly disclose that acquiring a reallocation of an ownership of the asset from a product system, <u>wherein the product system is one of a plurality of product systems from which reallocation data is acquired, wherein the reallocation is triggered by at least one of: **a marriage**, an inheritance, a gift, a partial spin-off, a stock split with owner option, a partial sale of the asset, and a change to an accounting method for the sale of the asset, and wherein the reallocation of the asset is accomplished by the product system.</u>

However, *DeWolf* discloses that acquiring a reallocation of an ownership of the asset from a product system, wherein the product system is one of a plurality of product systems from which reallocation data is acquired, wherein the reallocation is triggered by at least one of: a marriage, an inheritance, a gift, a partial spin-off, a stock split with owner option, a partial sale of the asset, and a change to an accounting method for the sale of the asset, and wherein the reallocation of the asset is accomplished by the product system (**Abstract** - life cycle of the asset and categorizing the information into multiple attribute and **para 0090**, line 5; via ownership disputed as **in divorce**[implied marriage]).

Therefore, it would have been obvious to an ordinary skill in the art at the time of invention was made to modify the disclosure and features mentioned by *Horan* and to include the disclosure of *DeWolf* to facilitate the legal system to adjust and reallocate the ownership of an asset disputed by divorce implied marriage.

   Horan fails explicitly to disclose further categorizing the reallocation into one of a plurality of at least one of; additional categories and sub-categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized by the product system into one of a plurality of categories.

   However, ***Bergmann*** being in the same field of invention discloses that categorizing the reallocation into one of a plurality of at least one of; additional categories and sub-categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized by the product system into one of a plurality of categories (**para 0045,** line 27; via asset classes, creating accounts and Boxes **8A, 8B, 8C** and **9** categorize assets and calculate after-tax returns)

   Therefore, it was obvious to an ordinary skill in the art at the time of invention was made to modify the disclosure of ***Horan*** and to include the feature of ***Bergman*** to facilitate adjusting the constraint limits on asset classes.

   As per claims 13 -14, ***Horan*** discloses enhanced categorizing of the reallocation of the ownership of the asset into one of a plurality of categories based on the reason for the reallocation of the ownership of the asset (**para 0042** and **0060;** via recordkeeping system **1012** shareowner services **1006** on a wide range of levels and multi-asset class with portfolio accounting **engine 304**, inherent with reasons for reallocation of the ownership of the asset).

   As per the claim 17, ***Horan*** discloses the system configured to: <u>analyze</u>, the reallocation, the previous categorization and enhanced categorization prior to

calculating the cost basis change of the asset (**para 0064**; via portfolio management

system **206** includes tools to track positions, perform analytics etc.).

      As per claim 18, *Horan* discloses the system configured to:

      provide a portfolio having a plurality of assets distributed in the plurality of

product systems (**para 0039**; via **Fig. 10**, the managed asset platform … group asset

level …portfolio management system).

      As per claim 21, *Horan* discloses that a computer-readable medium having

stored thereon a plurality of instructions for implementing a method for calculating the

cost basis of an asset, the plurality of instructions when executed by a processor, are

configured to cause the processor to perform the method (**para 0063** and **Fig.2**; via

portfolio management and workflow system **206** and **208** through window based client

or browser based thin-client technology) comprising:

      automatically (see **para 0101-0102**) calculating an adjusted cost basis of the

asset based upon at least one of: the asset, the reallocation at least one of: the asset,

the reallocation of the ownership of the asset and the enhanced categorization(**para**

0077 and **0099-0100**; via workflow system **208** and accounting and management

system **806** respectively);

      storing the adjusted cost basis in a management system (**Fig. 7**, Data warehouse

312).

      acquiring cost basis data and tax lot data from the plurality of product systems to

enable automated reconciliation of cost basis changes; identifying at least a portion of

the tax lot data that was affected by the reallocation (**para 0099**, lines 1-3; via record

system **806** .. tax-lot accounting …tax withholding and reclaim processing);

    reconciling the cost basis changes of the asset to the plurality of product systems

(**para 010**, lines 1-12; via open reconciliation system **828** …   the workflow system **810**

to resolve the variance); and

    preparing a report relating to the cost basis change of the asset based on at least

one of: the categorization of the change in the ownership of the asset, the enhanced

categorization and the adjusted cost basis of the asset (**para 0102**, lines 1-12; via an

automated workflow system **810** … a management reporting system **838**).

    Horan fails to explicitly disclose that acquiring a reallocation of an ownership of

the asset from a product system, wherein the product system is one of a plurality of

product systems from which reallocation data is acquired, wherein the reallocation is

triggered by at least one of: **a marriage**, an inheritance, a gift, a partial spin-off, a stock

split with owner option, a partial sale of the asset, and a change to an accounting

method for the sale of the asset, and wherein the reallocation of the asset is

accomplished by the product system.

    However, *DeWolf* discloses that acquiring a reallocation of an ownership of the

asset from a product system, wherein the product system is one of a plurality of product

systems from which reallocation data is acquired, wherein the reallocation is triggered

by at least one of: a marriage, an inheritance, a gift, a partial spin-off, a stock split with

owner option, a partial sale of the asset, and a change to an accounting method for the

sale of the asset, and wherein the reallocation of the asset is accomplished by the

product system(**Abstract** - life cycle of the asset and categorizing the information into multiple attribute and **para 0090**, line 5; via ownership disputed as **in divorce**[implied marriage]).

　　　Therefore, it would have been obvious to an ordinary skill in the art at the time of invention was made to modify the disclosure and features mentioned by *Horan* and to include the disclosure of *DeWolf* to facilitate the legal system to adjust and reallocate the ownership of an asset disputed by divorce implied marriage.

　　　Horan again fails explicitly to disclose further categorizing the reallocation into one of a plurality of at least one of; additional categories and sub-categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized by the product system into one of a plurality of categories.

　　　However, *Bergmann* being in the same field of invention discloses that categorizing the reallocation into one of a plurality of at least one of; additional categories and sub-categories to establish an enhanced categorization of the reallocation, wherein the reallocation was previously categorized by the product system into one of a plurality of categories (**para 0045,** line 27; via asset classes, creating accounts and Boxes **8A, 8B, 8C** and **9** categorize assets and calculate after-tax returns)

　　　Therefore, it was obvious to an ordinary skill in the art at the time of invention was made to modify the disclosure of *Horan* and to include the feature of *Bergman* to facilitate adjusting the constraint limits on asset classes.

Conclusion

7.   Any inquiry concerning this communication or earlier communications from the examiner should be directed to HATEM ALI whose telephone number is (571)270-3021. The examiner can normally be reached on 8.00 to 6.00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on 571-272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Harish Dass   /Harish T Dass/
Primary Examiner   Primary Examiner, Art Unit 3692